

## **Financial Performance of N.P.K.R. Ramasamy Co-Operative Sugar Mills Ltd Mayiladuthurai**

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### **Abstract**

“Sugar is sweet but producing of sugar is not that much of sweet”. Every crystal required at least a drop of sweet. Sugar factory is an agro-based industry. Almost, all the sugar factories improving the economic conditions of the particular rural area by contributing its own share to the nation. The raw material for sugar factory is sugar cane, besides a main product of sugar that comes under the essential commodities act. The By-products are molasses, Bagasse and Press mud. The sugar factory gives direct and indirect employment opportunity of the people in that area. The sugar factories are also earning foreign exchange by way of export of sugar. India is the fourth major sugar producing country in the world. The first three are Russia, Brazil and Cuba in the order. Sugar Industries occupies an important place among organized industries in India. It ranks third largest industry in terms of its contribution to the net value added by manufacture and Employment. Now there are 420 sugar factories in India with the total installed capacity of 15 million tons.

**Keywords:** Sugar Industry, Financial performance, Profit Allocation, Production Cost, Working capital, Staff position.

## **I. INTRODUCTION**

The study is concerned with analyzing extend of the functioning of the N.P.K.R.R Co-Op. Sugar Mill Ltd., Thalainayar including a brief account of the sugar mill. The sugar mill having its own registered by-law covering the rules and regulations. The mill has to follow all other statutory provision and standing orders. The sugar mill has its own registered by law and According to their by law of the society, the main object of society shall be “Mainly to manufacture of white sugar from sugarcane and sale of sugar. So manufactured along with it’s by products to the best advantage of members. The mill located or situated at Thalainayar village in Mayiladuthurai taluk, Nagappattinam District which is 13 km north from Mayiladuthurai 5 KM West from Vaitheeswaran koil and 6 k.m east from Manalmedu. The mill having a extend of 100 acres land. Among the 18 Co-op. Sugar factories, the N.P.K.R.R Co-op Sugar Mill Ltd., in Tamilnadu is crushing 3500 tons of the cane per day.

### **Objectives of the study**

The specific objectives of the study are: -

1. To Analysis the origin and organizational pattern of the N.P.K.R.R Co-operative sugar mill Ltd.,
2. To assess the financial position of the N.P.K.R.R co-operative sugar Mill Ltd.,
3. To Analysis the overall functions of the Sugar mills.

### **Research design**

A researcher attempting to solve his problem should necessarily prepare a plan which will help him to attain his ultimate motto. This plan is nothing but a research design. It is a plan for the collection and analysis of data. It is a tentative plan which undergoes many modifications as the study progresses. It presents a series of guide posts to enable the researcher to progress in the right direction. A research design or model indicates a plan of action to be carried out in connection with a proposed research work. It provides only a guideline for the researcher to enable him to keep track of his actions and to know that he is moving in the right direction in order to achieve his goal. The design may be a specific presentation of the various steps in the process of research. These steps include the selection of a research problem, the presentation of the problem, the formulation of these hypothesis, conceptual clarity, and methodology, survey of literature and documentation, bibliography, data collection, testing of the hypothesis, interpretation, presentation and report writing. All these states have been discussed in subsequent pages.

### **Limitation of study**

This study is also carried on with some of the limitations. The area of the study is confined to N.P.K.R.R co-operative sugar mill. The study has been confined to the analysis of financial performance of N.P.K.R.R It is limited to a period of five years from 2021-2022 to 2024-2025 due to financial and time constraints. The reliability of the study depends upon the data collected from the audit reports and manual.

### **Methodology**

The data collected from both primary and secondary data. The primary data has been collected through personal interview with the officials of N.P.K.R.R. The secondary data has been gathered from financial statement, audit report and records of N.P.K.R.R. Co-operative sugar mills limited.

### **Profit Allocation Ratio**

According to the Co-operative Society act 1961, all the societies are allocated their net profit to the following heads: - Co-operative Research and development fund 5 %, Co-op Education fund 4 %, Reserve fund 23%, Share dividend 18%, Share redemption fund 10%, Trading loss reserve fund 10 %, Equalization share redemption fund 10 %, Building fund 10 %, Common goods fund 10 %

### **Staff position**

Requirement of officer's staff and workers the qualification fixed by the by-law of the sugar mill. The mill has lain of the seasonal workers in the off season. The total employees are classified as two categories: - Seasonal Employer and Regular employer. The seasonal employees are working during the crushing period only. The regular employees are working throughout the year. The salaries and wages are fixed through sugar wage board. The strength of the staff and workers working in the various department of the mill is presented in the following table

**Table 1**  
**Staff pattern**

<b>S. No</b>	<b>Department</b>	<b>Regular</b>	<b>Seasonal</b>	<b>Total</b>
1	Administration & Accounts	132	9	141
2	Cane	60	1	61
3	Engineering	124	69	193
4	Manufacturing	34	61	95
	Total	350	140	490

Source: official records of the sugar mill

### **Cost of production of sugar**

The mill has prepared to the cost of production on monthly basis to find out the actual value produced sugar. The cost of production is prepared only during the crushing periods. The cost of production consisting of

- (1) Material cost,
- (2) Conventional cost,
- (3) Other over heads.

#### **1. Material cost**

The raw material cost includes various items such as cost of sugar cane, purchases tax, cane cess, cane development expenditure and salaries and wages for procurement during the study period.

#### **2. Conventional cost**

It is also called manufacturing cost it consisting of power charges, fuel, water charges, chemical consumed and packing material cost.

#### **3. Other over heads**

The overhead cost includes the details of the overhead expenditure incurred during the study period. The total overhead expenditure incurred has been collected under different four cost centers such as – salary and wages, repairs and maintenance, other administration expenditure and depreciation.

### **Sugar production**

Out of cane crush, Mill has got Juice from the Crushed cane. The juice converted it to sugar. It has taken various processes like heating, Sulphitaising and Evaporating to get the white sugar from the juice. So, crushed the various processes are clearly shown in the following diagram. In addition to the production of white sugar the mill has also produced the by-product. Such as Molasses and the Bagasses. For the calculation of unit cost of production of sugar, we have to take all expenditure relating to the sugar production. The following tables clearly exhibit the method of calculation of cost of production.

**Table 2**  
**Sugar production**

<b>S.No.</b>	<b>Year</b>	<b>Sugar Production (QTL)</b>
1	2020-21	89210
2	2021-22	127765
3	2022-23	291700
4	2023-24	315300
5	2024-25	281025

**Source:** Annual report of N.P.K.R.R sugar mill Ltd.

Overall Observation, Production shows a continuous upward trend from 2020–21 to 2023–24. The highest production was in 2023–24 (3, 15,300 QTL). There is a decline in 2024–25, but production remains comparatively high. Overall, the trend indicates growth in sugar production with minor fluctuations. From this table it is a known fact that the sugar production was increased with Fluctuation except the year 2020-21.

### **Sales procedure**

The government of India has issued the sale release order on the monthly basis based on the release order of Tamilnadu cooperative sugar federation of conducting the tender for sale of sugar. The tender result has been sent to concerned sugar mill that has sold the sugar as per the tender result given by (TNCSEF) Tamilnadu Cooperative Sugar Federation. Similarly for sale of Bagasse and Molasses are made.

**Table 3**  
**Sale of Sugar (Rs. in Lakhs)**

<b>Year</b>	<b>Levy (Bags)</b>	<b>Levy (Amt)</b>	<b>Free (Bags)</b>	<b>Free (Amt.)</b>
2020-21	13405	174.43	180945	2691.42
2021-22	8620	115.13	107272	1845.33
2022-23	36074	481.82	237353	3842.02
2023-24	33065	441.63	194184	2405.50
2024-25	30601	408.72	248520	4078.13

Sources: Official record of the sugar mills.

Free sugar bags are much higher than levy sugar bags in all years; Revenue from free sugar is significantly higher than levy sugar. 2022–23 shows major improvement in both levy and free categories. 2024–25 shows strong recovery in free sugar sales amount. The data indicates that free sugar sales dominate both in quantity and revenue across all five years. Though levy sugar shows fluctuations, free sugar demonstrates consistent growth with a peak in 2024–25. Therefore, the financial performance of the sugar unit largely depends on free market sales rather than levy obligations.

### **Working capital**

The sugar mill is avail cash credit loan with the consortium bank of the following.

1. Kumbakonam Central Co-Operative Bank (KCCB).
2. Trichy District Central Co-Operative Bank (TDCCB).
3. Tamilnadu State Apex Co-Operative Bank (TNSACB).

The above cash credit loan is availed every year on pledge of sugar stock and useless working capital for the payment of cane price, statutory payment like, salary,

electricity charges, telephone charges, taxes and maintenance of factory. For availing cash credit, the mill as sent cash credit loan application to the bank for sanction of cash credit loan. On submission of loan application, the mill as produced the government default guarantee received from the government of Tamil Nadu. Based on the government guarantee and the loan application. The banker has sanctioned the cash credit loan now from 10.05.2010 the banker has charged 13.5% interest for cash credit loan.

**Table 4**  
**Working Capital Loan Details**

<b>Year</b>	<b>Loan applied (Rs in Lakhs)</b>	<b>Loan sanction</b>	<b>Rate of Interest</b>	<b>Maximum availed</b>	<b>Interest paid</b>
2020-21	3345.00	2813.00	13%	1776.74	322.11
2021-22	2825.00	2700.00	13%	2261.36	66.71
2022-23	4600.00	2700.00	13%	2702.95	170.10
2023-24	4554.00	4425.00	12.50%	3875.68	199.39
2024-25	5400.00	4425.00	13.50%	2676.78	372.72

Sources: Official record of the sugar mills.

The organization shows increasing dependence on borrowed funds over the years. Loan sanctions improved significantly in 2023–24 and 2024–25. However, fluctuations in interest rates directly influenced the interest burden. The year 2024–25 records the highest interest payment due to higher rate and substantial borrowing. Thus, proper financial planning and interest cost management are essential to reduce financial risk.

### **Findings**

The crushing activities increased during 2010 to 2011 but decreased from 2013 to 2015. Sugar production increased during 2010 – 2011 to 2013 - 2014 but decreased during 2014 - 2015. Sale of Baggase increased tremendously from 6.04 lakhs in 2013 – 2014 to 86.61 lakhs in 2014 – 2015. Sale of Molasses is sold at a high quantity of 12974 MT during 2014 – 2015 compared to other years. The total cost of production of the company is 7069.79 lakhs during 2014 - 2015 & unit cost is 2524.00 lakhs. From this study it is find that there are 31 sugar industries were established in Tamilnadu some of the sugar industries functioned in private sector are also established. It is finding that the N.P.K.R.R Co-Operative sugar mill provides many welfare measures to the employees and the cane growers by providing residential quarter's establishment. Co-Operative canteen, running school for the children of the employees from L.K.G to 5<sup>th</sup> standard offering bus facilities to the child of the employees. Those who study above 5<sup>th</sup> Std., of Mayiladuthurai supplying of text book at confessional rate to the employees as well as cane growers.

### **Suggestion**

Generally co-operative sector are nor flourides in India. These mills also prevail in sick conditions due to non availability of sufficient raw materials; establishment of the region of the factory price of sugar cane paid by the industry is lower than the other mills. Most of the cane growers are not settled their previous crop loan dues in PACB and the inputs for the cultivation of sugars are not supplied the mill. Steps should be taken to improve the sale of sugars. The company should work border to improve its revenue level. Steps should be taken by company to reduced the Loans availed by it.

## **II.CONCLUSION**

Agriculture is the way which has opened the door for economic development agricultural, commodities (especially food grain and sugarcane a cash crop) are produced in large variety due to the technological diffusion in indict agriculture. The bright futures of sugar cane growers depend upon the farmers boldness to undertake risk and adopt moderation of activation regarding the sugar cane production provided by the government and risk covering polices that may be adopted by the government. The mill is having capacity of 3500 TCD is the maximum recovered. If the care crushing decreases a recovery percentage should also be decreased. Automatically production also decreases to that extent of recovery reduces the closing stock. In the above situation i.e., decrease in cane procurement the cost of production is also increased. It impairs the profit of the mill is also reduced.

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